ASIA'S PREMIUM REAL ESTATE MAGAZINE

dotproperty

SPECIAL EDITION 2018

# SOUTHEAST ASIA

## Wealth And Outbound Investment Report 2018

# EDITOR'S NOTE

Welcome to Dot Property Magazine's inaugural Southeast Asia Wealth And Outbound Investment Report 2018. We have compiled information on wealth in the region, trends in overseas real estate investment and popular outbound investment destinations.

It is important to note that the Southeast Asia Wealth And Outbound Investment Report 2018 is more of a snapshot of these topics as opposed to a comprehensive guide. Our goal was to better educate readers and help create a single point for this information that is currently spread out wide and far.

A lot of parallels are drawn between Southeast Asia and China when it comes to overseas real estate investment and wealth growth. There are certainly some similarities between the two, but it is hardly comparing apples to apples. While there is a desire to group the ASEAN countries into one category, doing so is a mistake.

Now, that may sound obvious, but it still happens quite a bit. When you explore wealth and outbound investment throughout Southeast Asia, it is necessary to look at each country on an individual basis.

For example, Singapore is the most active country in terms of overseas real estate investment in the region, but it is mostly done in search of higher yields with some also choosing to purchase retirement homes abroad. This is quite different than international property purchases made by Vietnamese investors who are focused mostly on permanent residency and educational opportunities for their children or grandchildren.

There are two key similarities between investors from Southeast Asia and China: spending power and a desire to purchase overseas real estate. Wealth in Asia continues to grow with the rapidly expanding economies of Southeast Asia creating more millionaires here than ever before.

And as was the case with Chinese high-net worth individuals (HNWIs), the HNWIs in Southeast Asia are eager to expand their holdings beyond domestic borders. The state of this market does vary from country to country, but we are already seeing more ASEAN investors acquire homes in places like London, Sydney and New York City.

It remains to be seen if the volume of overseas real estate investment reaches the dizzying heights of Chinese property consumption globally. It is certainly a trend to keep an eye on, however. Overseas developers and real estate agents who act quickly and decisively will reap the rewards of being among the first in this growing market.

Meanwhile, Southeast Asian investors can benefit from having a good understanding of global property markets. As long as they know the risks and have a clear idea of the reason for investing, the world truly is their oyster.

Thanks for reading,
*Cheyenne Hollis*

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**45%**
HNWIs in the Asia-Pacific region that hold assets outside of their home country

# Outbound investment destinations









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# WEALTH

# NUMBER OF HIGH NET WORTH INDIVIDUALS IN ASIA-PACIFIC KEEPS GROWING

For years, the number of High Net Worth Individuals (HNWIs) in Asia-Pacific grew at a record-setting pace. That growth has slowed somewhat, but the region still boasts the most HNWI wealth and outperformed all other regions, according to a report from fintech firm Capgemini. To qualify as a HNWI, a person must have assets totalling more than USD 1 million.

"We project that Asia-Pacific will surpass USD 40 trillion in HNWI wealth by 2025 if Emerging Asia (China, India, Indonesia and Thailand) capitalises on its tremendous potential to grow at 12.9 percent annually – exceeding the 10.2 percent rate of 2016 – and if Mature Asia (Japan, Australia, New Zealand, Singapore, Hong Kong, Taiwan Malaysia, and South Korea) grows at 6.4 percent or higher, which it accomplished in 2016 at 6.9 percent," Anirban Bose, head of Global Banking and Capital Markets at Capgemini, stated.

Indonesia and Thailand welcomed the highest percentage of HNWIs in 2016 with total wealth also rising by around 13 percent in both countries. Singapore and Malaysia each recorded an increase in the total number of HNWIs by six and three percent respectively.

The Capgemini report noted Asia-Pacific had 360,000 more HNWIs than North America (USA, Canada and Mexico) and USD 863 billion more in HNWI financial wealth.

## Where are High Net Worth Individuals in Asia-Pacific investing?

The Asia-Pacific region, not including Japan, is home to the highest sum of HNWI wealth held internationally. Nearly 45 percent of all HNWIs in the region hold assets outside of their home country.

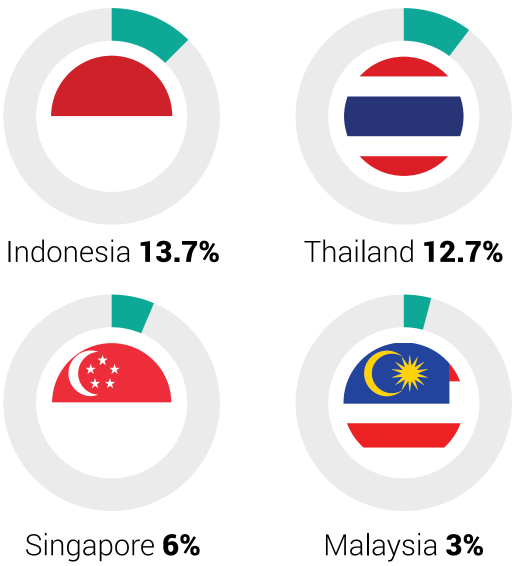
The preferred destination for offshore wealth distribution and investment does vary among Asia-Pacific HNWIs with some selecting regional centres, such as Hong Kong and Singapore, and others chosing traditional global safe haven markets such as New York, London and Australia.

Concerns about local economic/financial markets as well as political risk are driving wealth from countries such as Thailand, Vietnam and Indonesia overseas. Types of assets do vary among HNWIs in Asia-Pacific. Some want to leave all financial decisions to wealth management firms while a growing number opt to make the decision for themselves.

In particular, overseas real estate remains an investment many Asia-Pacific HNWIs feel confident selecting without the assistance of an adviser. They may utilise one as part of the transaction process, but the choice of where to purchase and what project to buy remains their own.

**HNWI GROWTH IN SOUTHEAST ASIA**

BETWEEN 2016 AND 2017




*Source: Capemini*

# Asia home to 36%

## of world's super-rich population and more are coming

Wealth continues to flood into Asia with 36 percent of the world's super-rich population now located here, according to Knight Frank's The Wealth Report 2018. Defined as being worth USD 50 million or above, there are now more super-rich individuals in Asia than Europe.

A total of 35,880 super-rich individuals call Asia home and this total grew by 15 percent between 2016 and 2017. Nearly 10,000 people in Asia have reached super-rich status since 2012 with only North America adding more during this time.

Asia looks set to add to its super-rich ranks in the near future with The Wealth Report 2018 predicting an increase of almost 20,000 ultra-wealthy individuals between now and 2022. The number of super-rich individuals in China is expected to double in the next five years while Malaysia and Indonesia will see an increase of more than 65 percent.

**Where are Asia's super-rich individuals?**

Japan is home to the most super-rich individuals in Asia with a tick under 10,000 people based here. However, the wealthy population growth in the "Land of the Rising Sun" was relatively small when compared to places such as mainland China and Taiwan. Here are some of the highlights of the Asia highlights from The Wealth Report 2018.

**China** – China now boasts 8,800 super-rich individuals putting it just behind Japan and could soon surpass the country. Wealth-X noted that expected economic and stock market increases, as well as expectations for more stringent rules about keeping money onshore, will contribute to strong wealth growth in China.

**Hong Kong** – Long home to Asia's wealth, a total of 5,140 super-rich individuals are located here. This total grew by more than 10 percent between 20016 and 2017 and will likely keep rising in the next few years.

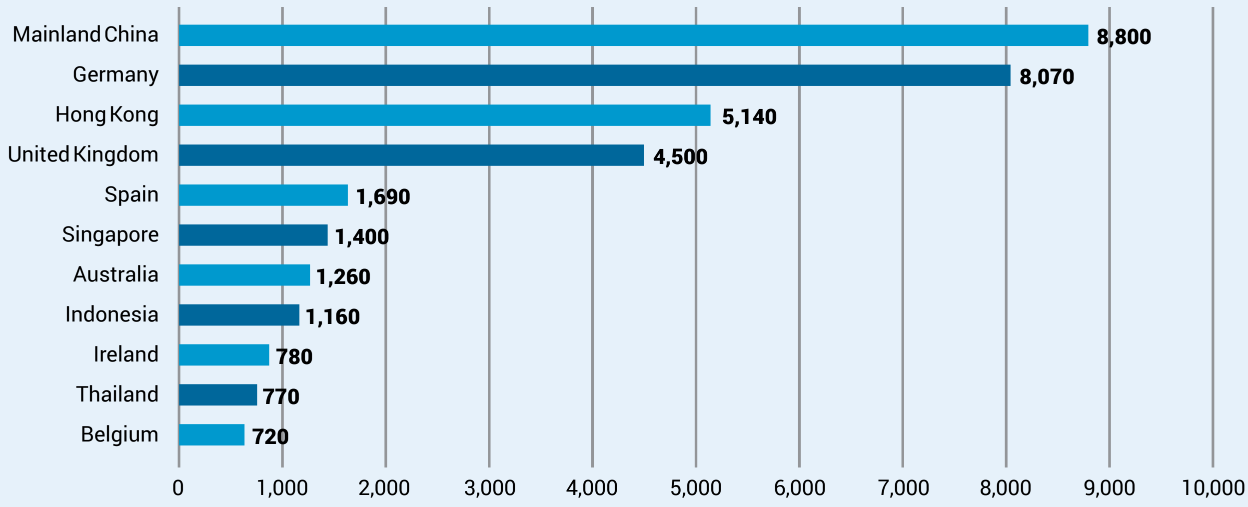
**Singapore** – There are 1,400 super-rich individuals in Singapore, which is pretty impressive for a country with less than six million people. Wealth growth will remain steady in the coming years.

**Indonesia** – Indonesia has 1,160 wealthy residents putting it just behind Singapore in Southeast Asia. However, this figure looks set to skyrocket between now and 2022, according to The Wealth Report 2018.

**Thailand** – Wealth growth in Thailand has been solid and there are now 770 super-rich individuals in the country. Should the Thai economy continue its recovery, this figure will rise.

**UHNWIS (WORTH MORE THAN USD 50 MILLION)**
IN ASIA-PACIFIC AND EUROPE

*Source: The Wealth Report 2018*



# THE RICHEST PEOPLE IN SOUTHEAST ASIA

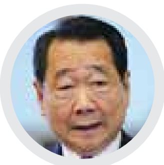
It's time to recognise the wealth of Southeast Asia. ASEAN is now the world's fifth largest economy, trailing only China and Japan in Asia. As the economies have grown, so too has individual wealth and now the region boasts 102 billionaires, according to Forbes.

Singapore has been passed by Thailand as the ASEAN country with the most billionaires. A total of 30 billionaires are now found in Thailand while only 22 call the city state home. Indonesia continues to grow and now boasts 20 billionaires while the Philippines has 14. Forbes noted that ASEAN billionaires have a total value of USD 270 billion.

## Thailand

**Charoen Sirivadhanabhakdi**
Worth: USD 17.9 billion (THB 558.6 billion)
Notable Holdings: Chang Beer, Big C, TCC Land
Similar wealth: Reclusive construction magnate Pallonji Mistry

Referred to locally as a beverage tycoon, Charoen Sirivadhanabhakdi is the man who took Chang Beer global. Both internationally and domestically, Charoen's ThaiBev manufactures and distributes all types of drinks including EST Cola, Coca-Cola and Pepsi's local competitor. He is also behind developer TCC Land. The firm's most notable project is the now under construction One Bangkok, the largest integrated district in Thai history.



**Dhanin Chearavanont**
Worth: USD 14.9 billion (THB 465 billion)
Notable Holdings: CP Group, True, 7-11 Thailand
Similar wealth: Rupert Murdoch

The entire Chearavanont Family is estimated to be worth USD 31.9 billion (THB 995.7 billion) but patriarch Dhanin remains the wealthiest. The CP Group got its start in 1921 selling seeds in Bangkok and grew over the years as an agribusiness. It would begin to expand internationally in the 1970s. In the last 40 years, the firm diversified its business to include telecom, retail and restaurant holdings.

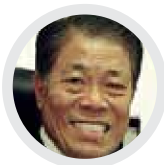
**Vichai Srivaddhanaprabha**
Worth: USD 5 billion (THB 156.1 billion)
Notable Holdings: King Power, Leicester City FC
Similar wealth: Richard Branson

Unlike other Thai billionaires on this list, Vichai Srivaddhanaprabha doesn't have a sprawling conglomerate. His focus is on King Power, the well-known, duty-free retailer. Anyone who has stepped foot in a Thai airport will likely have come across the brand. Vichai has used his wealth to purchase former English Premier League champions Leicester City while his company is the second largest shareholder Thai AirAsia, the domestic offshoot of the low cost airline.

## Singapore

**Robert and Philip Ng**
Worth: USD 10.8 billion (SGD 14.2 billion)
Notable Holdings: Far East Organization
Similar wealth: Chelsea owner Roman Abramovich

The Kings of Orchard Road have made their fortune as real estate developers. Their vision turned the sleepy Orchard Road into one of the world's great districts. The pair oversees Far East Organization, Singapore's largest private property developer. The company's hospitality arm operates 14,000 rooms across 90 hotels and serviced residences in seven countries while retail assets include the popular Orchard Central mall.



**Goh Cheng Liang**
Worth: USD 7 billion (SGD 9.2 billion)
Notable Holdings: Nippon Paint (Southeast Asia)
Similar wealth: Hong Kong businesswoman Pollyanna Chu

Goh Cheng Liang made his fortune in paint. He founded Wuthelam Holdings which would form a joint venture with Japan's Nippon Paint to produce and sell paint and coatings in several markets including China, India and Southeast Asia. Additionally, he is the largest shareholder in Nippon Paint.

**Wee Cho Yaw**
Worth: USD 6.6 billion (SGD 8.7 billion)
Notable Holdings: United Overseas Bank
Similar wealth: Apollo Global Management founder Leon Black

The man behind United Overseas Bank's massive growth in the past 50 years is Wee Cho Yaw. He took the bank public in 1970 and also oversaw its expansion into several areas such as property, insurance, lease financing and merchant banking. UOB now has more than 500 offices and operates in 18 countries across the globe.

## Indonesia

**R. Budi Hartono**
Worth: USD 17.4 billion (IDR 239.5 trillion)
Notable Holdings: Djarum, Bank Central Asia
Similar wealth: Legendary investor Carl Icahn

The father of R. Budi Hartono took a bankrupt cigarette company and started rebuilding it. Hartono, along with his brother, would build on those foundations to create a worldwide tobacco products producer. Eventually his company would takeover a majority stake in Bank Central Asia and is now developing the Hotel Indonesia in Jakarta.

**Michael Hartono**
Worth: USD 16.7 billion (IDR 229.9 trillion)
Notable Holdings: Djarum, Bank Central Asia
Similar wealth: Hong Kong developer Joseph Lau

Michael Hartono is the aforementioned brother of R. Budi Hartono who helped build Djarum into a cigarette powerhouse. While not as wealthy as his sibling, Michael is right behind him.

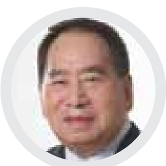
**Sri Prakash Lohia**
Worth: USD 7.4 billion (IDR 101.8 trillion)
Notable Holdings: Indorama Corporation
Similar wealth: Singaporean paint powerhouse Goh Cheng Liang

Originally from India, Sri Prakash Lohia moved to Indonesia with his father after graduating from university. He would go on to found Indorama Corporation, a company best known for a component used to make plastic bottles. It also manufactures a number of other products such as polyethylene, polypropylene and medical gloves.

**Dr. (HC) Ir. Ciputra**
Worth: USD 1.4 billion (IDR 19.2 trillion)
Notable Holdings: Ciputra Development
Similar wealth: Software technology guru Eugene Kaspersky

The 12th richest Indonesian is Dr. (HC) Ir. Ciputra, founder and chairman of Ciputra Development, Indonesia's premier real estate developer. He is best known for his commitment to entrepreneurship and was named as one of Dot Property's Leaders of Real Estate in 2017.

## Philippines



**Henry Sy**
Worth: USD 20 billion (PHP 1 trillion)
Notable Holdings: SM Prime, China Bank
Similar wealth: Elon Musk

From a shoe store in Manila to 70 malls and a portfolio of hotels and commercial buildings, Henry Sy has been a catalyst for development in the Philippines. SM Mall of Asia is just one of the many major projects developed under his watch. The founder of SM Prime also holds a significant stake in China Bank and Banco de Oro in the Philippines.

**John Gokongwei Jr.**
Worth: USD 5.8 billion (PHP 302 billion)
Notable Holdings: Robinsons Land, Cebu Pacific, Summit Media
Similar wealth: Vacuum legend James Dyson

JG Summit Holdings is one of the Philippines' largest conglomerates. Its holdings stretch from land to air with a stake in property and aviation outfits. Founded by John Gokongwei Jr., the company continues to expand its horizons with his sons and daughters playing a leading role at many of JG Summit Holdings' subsidiaries.

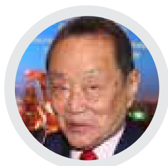
**Enrique Razon Jr.**
Worth: USD 4.9 billion (PHP 255 billion)
Notable Holdings: International Container Terminal Services, Solaire Casino and Resort
Similar wealth: Uber co-founder Garrett Camp

Enrique Razon Jr. made his fortune through port-handling firm International Container Terminal Services (ICTSI) but his Solaire Casino and Resort is probably more famous. ICTSI operates 29 ports worldwide with Brazil, Mexico, Poland and Indonesia among the firm's locations. His Bloomberry Investments Holdings operate the Solaire and the Jeju Hotel and Casino in South Korea.

## Notable ASEAN billionaires

**Robert Kuok (Malaysia)**
Worth: USD 14.8 billion
Notable Holdings: Shangri-la Hotels
Similar wealth: Thai conglomerate boss Dhanin Chearavanont

The reclusive Robert Kuok counts Shangri-la Hotels as part of his holdings. His wealth came from Malayan Sugar Manufacturing, a company that had up to an 80 percent market share in the country during the later stages of the 20th century. Kuok's group would merge with Wilmar International in 2007, which is run by his nephew.



**Quek Leng Chan (Malaysia)**
Worth: USD 7.2 billion
Notable Holdings: Hong Leong Bank, Guoco Group
Similar wealth: NFL owner and truck bumper tycoon Shahid Khan

Quek Leng Chan is a qualified UK barrister, but his legal skills aren't what he is known best for. He would take the reigns of Hong Leong Company, a massive conglomerate with financial, hospitality, real estate and media holdings. He recently retired as CEO of the company as part of a restructuring plan.

**Pham Nhat Vuong (Vietnam)**
Worth: USD 4.3 billion
Notable Holdings: VinGroup
Similar wealth: Finland's richest person Antti Herlin

Pham Nhat Vuong was Vietnam's first billionaire having taken the millions he made from an instant noodle business in Ukraine and founding VinGroup. This move would turn the millionaire into a billionaire. The real estate developer is active across all property segments.

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# TRENDS

# THE NEXT CHINA?

## ASEAN DEMAND FOR OVERSEAS LUXURY REAL ESTATE SHOULD SOAR

The influx of Chinese real estate investment globally took many by surprise. In 2016 alone, buyers from China accounted for USD 101.4 billion in international property purchases, according to Juwai.com, the largest mainland international property website. This ended a ten-year period of staggering growth for overseas real estate, and in particular luxury real estate, from Chinese investors.

Many are now wondering 'what's next'. Beijing implemented strict capital controls in a bid to curb overseas purchases. These have been successful in stopping large institutional investors, but have done little to prevent individuals from acquiring property abroad.

That being said, the Chinese government is likely to tighten outbound capital policy even further in the short term which has seen many in the real estate industry try to identify the "next China". With significant wealth growth and an appetite for luxury property, Southeast Asia seems set to become a major player.

"We absolutely have high expectations that buyers from Southeast Asia will begin to venture out and start investing as we have seen buyers from China do in the past 10 years," Stephanie Anton, president of Luxury Portfolio International®, a collection of the world's most powerful independent luxury brokerages, explains. "The growth in sheer population numbers as the middle class in the ASEAN increases will likely spur real estate activity at all price points. At the same time, the overall increase in global awareness from citizens in the ASEAN and potential for increasing global mobility, represents a terrific opportunity for those markets that are appealing to HNWIs from Southeast Asia."

Perhaps the only thing slowing down HNWIs in Southeast Asia from buying more luxury real estate overseas is the difficulty involved with the process. Not only do they have to navigate rules and regulations in the market they are considering buying in, but countries, such as Vietnam, also have rules in place on outbound capital that they must consider.

"We have generally found that APAC HNWIs spend a lot of time educating themselves and are very sophisticated, savvy investors. We recommend they do as much research as they can upfront, but also advise them not to be afraid to reach out to a real estate professional in the market they are considering, as early as possible, because nobody knows a local market like the local experts," Anton states. "Bottom line, cross-border business is strong, and growing every year, but is not something that should be attempted without the assistance of a local real estate expert."

### Why luxury real estate and where to buy?

For HNWIs in Southeast Asia, luxury real estate represents a quality investment. As wealth has increased globally, it has brought added stability to a market that can be vulnerable to global events.

"The high end of the global real estate market, generally the top 5-10 percent in markets around the globe, has seen several solid years of growth and stability supported by a larger high-net-worth consumer base," Anton points out." Since 2010, there has been a 91 percent increase in households at a global level with more than USD 10 million in net worth. The direct and positive impact to the luxury real estate market has been undeniable as affluent buyers and sellers continue to enjoy and participate in the real estate market."

Luxury real estate is a seller's market at the moment and will likely remain that way for the years to come. It all comes down to supply and demand. With more HNWIs being created, demand for luxury properties, especially holiday homes and second residences, will grow at a faster rate than new supply.

"As we reported in our Global Luxury Real Estate Report in the fall of 2017, the global market for luxury real estate is expected to be a seller's market with 14 percent looking to buy versus 12 percent looking to sell," Anton says. "This trend is expected to increase over the next three years when 25 percent of global HNWIs expect to buy compared to just 17 percent looking to sell."

And while the investment aspects of luxury real estate are important, it isn't the only factor. Anton notes that quality of life, change of scenery, family downsizing/upsizing and education are among the other reasons Southeast Asia's HNWI population invests in overseas real estate. The latter factor has led to an uptick in interest for luxury real estate in the USA.

"Boston has become a mecca for Asian investors looking to purchase real estate in conjunction with educating children or grandchildren. With over 35 colleges and universities, a very international population and an extremely strong real estate market, Boston is a very solid luxury real estate market these days," Anton states.

She adds, "We are also seeing the same not only in New York City, but also in the boroughs and areas surrounding the city, like Long Island, which offer a more affordable real estate investment opportunity and great public schools as well as easy access to colleges and universities nearby. On the other coast of the US, many are also investing in areas of Los Angeles and San Francisco due to their proximity to educational opportunities."

### A word on Brexit

The impact of Brexit continues to be felt. Not only has it opened up new opportunities for luxury homes in London, but the aftermath is influencing luxury real estate markets in several other European cities.

"London, a long-time luxury real estate darling and historically a great investment if you could afford it, is, in this Brexit world, an interesting opportunity. Brexit helped to bring prices down and created a more obtainable investment opportunity for the first time in a long time," Anton reports. "Also, as a result of Brexit, cities like Frankfurt in Germany will be interesting to watch as companies move out of the UK and take their affluent C-level executives elsewhere. The increase in demand at the high end is already being felt in Frankfurt and will undoubtedly have an impact on the market for years to come.

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# Passports present a problem
## for many of ASEAN's HNWIs

For wealthy citizens of Singapore and Malaysia, there is no need to worry about their passports. They are ranked as two of the strongest in the world, according to Arton Capital's Global Passport Power Rank 2018. However, those from the Philippines and Vietnam have relatively weak passports that can restrict travel.

Despite growing wealth, passports in several Southeast Asian countries rank among the weakest globally. Not only does this make simple travel to places such as the EU difficult and costly, but it also hinders overseas educational and work opportunities.

This has led many HNWIs in Southeast Asia to take advantage of Golden Visa real estate investment programmes in Spain, Greece and Portugal. Others look to provide their children with educational opportunities by investing in real estate in Australia or the UK.

For many HNWIs in Southeast Asia, a second passport via real estate investment can be the key to unlocking the world.

## ASEAN PASSPORT RANKINGS


### Thailand

**Global passport strength:** 57th
**Visa-free travel:** 76 countries
*Notable countries with visa requirements: UK, Australia*

The Thai passport grants holders visa-free travel to Russia, Turkey and Japan, but the EU requires a visa. The visa process for Thais looking to travel to the USA is known to be very strict.

### Indonesia

**Global passport strength:** 61st
**Visa-free travel:** 71 countries
*Notable countries with visa requirements: Japan, EU*

Hong Kong and Morocco are among the countries Indonesians can travel to without a visa. However, nearly all of Europe, including non-EU countries, requires a visa as well as Australia.

### The Philippines

**Global passport strength:** 68th
**Visa-free travel:** 63 countries
*Notable countries with visa requirements: South Korea, USA*

Taiwan is one of the few places Filipinos can visit visa free. Unlike other countries, citizens of the Philippines have far more opportunities to work overseas and employment visas are easier to come by.

### Singapore

**Global passport strength:** 1st
**Visa-free travel:** 163 countries
*Notable countries with visa requirements: Russia, Saudi Arabia*

With visa-free travel to the EU and a Visa Waiver Program in place with the US, Singaporeans have freedom of movement unmatched by any other country.

### Malaysia

**Global passport strength:** 6th
**Visa-free travel:** 159 countries
*Notable countries with visa requirements: USA, Canada*

The Malaysian passport is deemed to be just as strong as the US and Swiss passports. Holders have visa-free access to the EU and can apply for Electronic Travel Authority to visit Australia.

### Vietnam/Laos

**Global passport strength:** 80th
**Visa-free travel:** 51 countries
*Notable countries with visa requirements: USA, EU*

The passports of Vietnam and Laos rank in the same spot in terms of strength. The Laos passport does offer visa-free access to Russia and Mongolia while Vietnamese passport holders can travel to Chile without a visa.

# LONDON REMAINS THE PREFERRED LOCATION

## FOR THAI REAL ESTATE INVESTORS

London has long been the only overseas destination Thai real estate investors would consider. There are a few reasons for this and while some investors are starting to consider locations outside of the English capital, this number remains relatively small.

"The main reason Thais purchase property in London is because they want to send their children to study in the UK," Bangkok property expert Surachet Kongcheep stated. "For wealthy individuals, buying a residence allows their son or daughter to stay here when in school. They can then sell or rent out the property after graduation."

For over 115 years, London has been the preferred destination for Thai students studying overseas. Samaggi Samagom, the association for Thai students studying in the UK, was established by King Rama VI in 1901 and helped form an educational link between the two countries.

According to data from the Higher Education Statistics Agency, there are currently more than 6,000 students from Thailand studying in the UK.

"While there is some Thai interest in university cities outside of London, such as Manchester, it remains relatively limited," Surachet stated. "The focus will likely remain on London with parents who plan on sending their children to school in the city being the most active buyers."

### Brexit makes London more attractive

Thais eyeing London real estate in the aftermath of Brexit have been able to take advantage of a weaker pound as well as the rising Thai baht. This made properties in London more affordable and provided many investors with a chance to act.

"There was a significant increase in activity after Brexit. Many Thais saw it as a good time to buy," Surachet pointed out. "Interest will remain steady in the short term with the majority of Thai buyers using cash to pay for their property. While cost isn't an issue for many buyers, units in the mid-range segment remain the most popular."

Surachet adds that the long-term outlook of Thai investment in London real estate is not as promising.

"There could soon be a slowdown in interest for London property as many wealthy Thais have already acquired units in the city. While there will always remain some interest in London property from Thai buyers, demand may not stay at its current level," he said.

### Declining home prices now, but gains coming

A new report from Acadata found that house prices in London fell at the fastest pace since 2009 earlier this year. Average prices fell to THB 25.8 million (GBP 593,396) in January, a decline of 2.6 percent when compared to the same time last year.

The city's most expensive boroughs were the hardest hit with prices in Wandsworth, the location of Battersea Park, falling by 14.9 percent while Southwark saw prices dip 12.2 percent. The falling home prices continue a trend that began at the start of 2017.

This comes after two decades of significant growth where home prices skyrocketed by 500 percent. Both Savills and KPMG Economics are predicting London home prices to stabilise in 2019 before trending back up in the years to come. The former is predicting price growth of more than seven percent in the capital between 2017 and 2020.

For Thai investors, it may make sense to wait until the market bottoms out either later this year or early in 2019. However, those acquiring London property for their child to use can be fairly confident buying now knowing while the price may drop some in the short-term, there will likely be capital gains by the time their studies have finished.

# Cambodian real estate investors

## latest to take their money abroad

Cambodia is in the spotlight and developers and real estate agents from around the world are now turning their focus to the country. That's because Cambodian real estate investors are looking overseas in order to enjoy stronger returns as well as the other benefits such as permanent residency.

As the country's economy has picked up, so too has the number of High Net Worth Individuals (HNWIs). This group continues to look for ways to diversify their portfolios and with competition for local property heating up, many are starting to look beyond their own borders for real estate.

According to a Knight Frank report, the number of Cambodians with at least USD 30 million in net assets rose 170 percent between 2005 and 2015 with the number expected to increase until 2024.

"The growth in the number of super-rich over the last decade has been due to Cambodia's strong economic growth," Nicholas Holt, head of research at Knight Frank Asia Pacific, explained to the Khmer Times. "The solid economic performance has led to entrepreneurial opportunities that enable wealth accumulation, not just in the ultra-HNWI category, but also further down the wealth brackets."

### Cambodian real estate investors eye new opportunities

While the Phnom Penh property market has been growing in the past few years, there are some concerns in regards to stability. Additionally, some experts are worried about an oversupply of condominium units in the city.

Another motivating factor for Cambodian real estate investors buying overseas is the benefits it can bring, namely residency or a second passport. The Henley Passport Index ranks the Cambodia passport as the 86th best in the world as citizens only have visa-free travel access to 49 countries.

Having a second residency or citizenship makes it easier for children to attend schools outside of Cambodia. It can also provide more business opportunities in some cases since travel is no longer restricted.

### Popular destinations for Cambodian outbound investment

**Australia/New Zealand** – Overseas investment has poured into the Australian residential real estate markets since 2010. Part of the allure was due to the transparent process and tax structure as well as the strong demand rental demand in places like Sydney, Melbourne and Auckland.

In New Zealand, a clear path to citizenship is another key selling point. Should a buyer meet set qualifications and purchase a new-build, off plan apartment, they're eligible for New Zealand Permanent Resident status. Those who purchase property and live in the country for five years can then apply for New Zealand citizenship.

**Cyprus** – The island country in the Mediterranean Sea is another popular real estate investment spot for Cambodian investors. That is because it offers a straightforward path to EU citizenship and all of the benefits that it holds. Anyone investing in a property that costs a minimum of EUR 2 million is eligible.

**Thailand** – Neighbouring Thailand is a country many Cambodian real estate investors are now seriously considering. The market here is more mature with far more property types on offer. Meanwhile, prices in Thailand are affordable, making it a sensible alternative for first-time international investors.

# WEALTHY VIETNAMESE INVESTORS

## HEAD OVERSEAS FOR EDUCATION AND OPPORTUNITIES

Vietnamese overseas real estate investment hasn't reached the levels of Singapore or Malaysia, but it is a growing trend. There are a few causes for this including rising home prices in Vietnam and residency benefits that come with real estate investment in some countries.

The process to invest overseas isn't easy for Vietnamese citizens as the government limits most outbound capital movement. Only a few companies have the legal authorisation to help Vietnamese buyers acquire property abroad and that is only after they prove their money has been earned legally.

"In Vietnam, there are about three or four companies acting as a direct bridge between Vietnamese buyers and real estate project owners in Australia. There are also many other companies specialising in the markets of Canada, the US, and Singapore working to connect buyers and owners and offer consultancy for Vietnamese people," Nguyen Le Van, Asia-Pacific business development manager of iWealth Pro Property Consultants Company, told Vietnam Net Bridge.

**Why are Vietnamese citizens buying abroad?**

Education and resettlement opportunities are the primary reasons for Vietnamese investors to purchase international property. This makes markets such as the UK, Australia, Singapore and the US attractive. Singapore is perhaps the most popular market with Coldwell Banker Singapore reporting Vietnamese buyers accounted for 3.2 percent of real estate transactions in the Lion City.

Some investors buy overseas property in order to provide their children with a place to stay during schooling. Depending on the price of the house, this will allow an investor's son or daughter to pursue an education in the country while also creating a pathway towards permanent residency or citizenship. New Zealand is one of several countries where this is possible.

And should the child elect to return home after finishing their education, the house can be sold or rented out for a profit in most cases.

Those looking to resettle or wanting a EU passport can take advantage of several schemes. In Cyprus, those who buy a property valued at EUR 2 billion and above are granted citizenship which includes the benefits of living in an EU member state. Spain, Portugal and Greece are a few of the countries that have similar programmes set up for overseas real estate buyers.

For Vietnamese investors, this is the easiest and fastest way for resettlement. Similar real estate investment pathways are available in both the US and the UK, however they can be more expensive. Both countries provide educational opportunities not available in Vietnam and boast stronger property markets meaning some are willing to pay this premium.

# HARMONY IN THE HEART OF THE CITY

The Okura Prestige Bangkok is the perfect choice for leisure and business travellers. It is located in a prime city centre location, close to major shopping malls with direct access to the city's BTS skytrain network at Phloen Chit station.

All 240 rooms and suites at The Okura Prestige Bangkok offer impressive views across a dynamic city skyline through triple-glazed e-coated panoramic windows that insulate against both heat and noise.

Guests love the delightful dining choices at Up & Above, Michelin-starred restaurant Elements and the signature Japanese restaurant Yamazato, which has also received an award from Thailand's best restaurants and the recognition from The Michelin Guide Bangkok.

The hotel also features a cantilevered infinity pool on the 25th floor and The Okura Spa provides the perfect escape from the hustle and bustle of Bangkok city life.

Simply the best in Bangkok.

Okura HOTELS & RESORTS

The Okura Prestige BANGKOK

THE LEADING HOTELS OF THE WORLD

# DESTINATIONS

# LONDON REVIVAL

## MAKES ASEAN INVESTORS TAKE NOTICE

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The UK has always attracted astute investors from all over the world, and the UK property market is one of the most open property markets available. Unlike some countries, qualified property investors are not restricted to what they are allowed to invest in, be it residential or commercial properties,

For many Southeast Asian real estate investors, the search for overseas property begins and ends in London. The capital is seen as a safe bet, especially for Malaysian and Singaporean buyers. Interest for homes in England's capital has picked up and the market is experiencing a renaissance of sorts.

"The London real estate market is currently enjoying a revival, with many new projects being offered to potential purchasers in Malaysia almost on a weekly basis. With this seemingly continuous supply, the potential purchaser is spoilt with choices," Francis Chua, head of International Properties at Rahim & Co International, noted. "However, as with all investments, there may be pitfalls. These range from overpriced units to poor quality finishes and irresponsible developers. We at Rahim & Co. vet developers carefully and only market property from selected reputable developers, thus ensuring our clients the best London has to offer."

Rahim & Co is helping market London projects in Malaysia while its partner, One Global, is doing the same in Singapore. Both firms are members of Leading Real Estate Companies of the World®, an invitation-only network of global agencies. Property investors from both Malaysia and Singapore appreciate the openness of the London market as well as the ability to buy numerous property types.

"UK has always attracted astute investors from all over the world, and the UK property market is one of the most open property markets available. Unlike some countries, qualified property investors are not restricted to what they are allowed to invest in, be it residential or commercial properties," Chua pointed out. "Furthermore, the residential properties that are available to investors residing in Malaysia are not restricted to apartments only. They may also buy landed properties."

## Looking off-plan

In terms of property types, Chua noted off-plan apartments are in high demand due to the initial outlay being relatively small and full payment, usually serviced by loans from local banks, not being due until the apartment has been completed. This can significantly benefit investors regardless of if they are in it short or long term.

"Astute investors are attracted by the chance of capital gains upon handover, which may be a few years later. Coupled with a well-planned loan scheme, this investment provide very good return," Chua said. "If the purchaser then decides to retain the apartment after handover for rental returns, we can recommend very good property management companies which handle the tasks involved in the letting out of London properties for the owner."

There is more to an investment in London residential real estate for many Malaysian and Singaporean buyers. The city holds a special place in the hearts of many people while the educational opportunities are also very important.

"Emotional returns in the form of enriched lifestyle of having a prestigious address in London are immeasurable. Providing a secure base for their children who study in London brings peace of mind to the client," Chua stated. "The possibility of capital gains on the property is an added bonus, whatever the reasons for the purchase."

Westgate House in Ealing is one development popular with Rahim & Co's investor clients. It is in a strategic location near the future Elizabeth Line that will benefit from the Crossrail line that will improve London's public transit. There is strong potential for capital gains and high demand from tenants which all make the luxurious development an outstanding investment.

Stadia Three, an all-new development in Wimbledon, is another project being launched in Malaysia by Rahim & Co. Residents of Stadia Three are able to enjoy an active lifestyle as they benefit from the wonderful local amenities making it suitable for both investors and owner-occupiers. The project was well received during the launch in Malaysia proving once again London is in.

## The good and bad of Brexit

Brexit has certainly affected some segments of the London real estate market, but the impact hasn't been widespread. The negative effects were mostly evident in the high-end segment. Chua explained property prices fell by about 10 percent year-on-year in the Royal Borough of Kensington and Chelsea, one of London's most upscale districts. It is a different story in suburban areas of the capital.

"The price rises are found in the outer London boroughs. These properties attract the more discerning property buyer, and quite rightly so, due to the fact that they are more affordable and hence provide good value for the price paid," Chua noted.

As tenuous negotiations continue between the UK and EU, many observers are wondering how a hard Brexit would impact the London property market. According to Chua, the resultant immigration control may result in a softer rental market, but long term, a Britain that is able to trade on its own terms may have a positive impact on the economy and result in renewed confidence in property prices.

"We believe that, independent of the possible effects of Brexit, which are speculative at best, if the property is chosen carefully, now would be a great time to invest in quality selections given the current pricing and the favourable exchange rate for most Southeast Asian currencies," Chua concluded.

# From sleepy to sizzling:

## Understanding the hot Auckland real estate market

In the past five years, property prices in New Zealand have increased by more than 72 per cent with the country having recorded the fifth highest property price growth globally in 2016, according to research from Knight Frank Global Cities Report 2017.

While market insiders were abreast of the situation, more casual international investors may not realise the sleepy country known for sheep had morphed into one of the hottest home markets in the world. Things cooled off in 2017, but prices still grew by 13.4 percent. This total was similar to Melbourne and more than Vancouver and Seattle, two of North America's best performing real estate markets.

## Why Auckland real estate?

There are a number of reasons for the rush on Auckland real estate. For investors, in addition to the strong price growth, the city's rental market has been performing just as well.

According to Global Property Guide, rental growth in Auckland increased by 7.2 percent during the last 12 months. Demand for rental properties isn't expected to subside anytime soon with an estimated 700 people moving to the city per week.

People are moving to Auckland in part to enjoy the high quality of life found here. The Mercer Quality of Living Survey in 2016 ranked Auckland as having the third best quality of life in the world finishing behind Vienna and Zurich.

The report highlighted the city's well-balanced economy, peaceful environment and high levels of personal safety as being among the best globally.

New Zealand also has one of the world's best university education systems with leading institutions in Auckland, such as the University of Auckland and Auckland University of Technology, being ranked alongside the world's best.

The city itself is held in high regard among students thanks to a large and diverse community that has created an inclusive and tolerant culture, QS Top Universities noted.

A strong economy, high quality of life and spot as a global education leader will help Auckland's real estate market remain strong moving forward. And with no stamp duties on international buyers, there is one less cost to worry about.

Those looking to invest can feel comfortable in the fact demand and prices for rentals will at the very least remain steady and has room for further growth.

# OVERSEAS INTEREST IN AUSTRALIA REAL ESTATE REMAINS,
## BUT MARKET STARTING TO SHIFT

Real estate investors from Asia are targeting Australia even with stamp duties on overseas buyers in the states of Victoria and New South Wales taking some lustre off the market. There are still plenty of opportunities for international buyers, but the trends are changing.

Chinese investors remain the dominate force in the Australia real estate market, but buyers from around Southeast Asia are starting to warm up to residential property Down Under.

"The majority of enquiries are still coming from China, however there has been a drop in buyers which can be attributed to the increase in stamp duties which are imposed on a State-based level," Ashley Koenig, CEO at National Property Buyers, explained. "In the past, investors have focused on major office investments, however thy are now preferring residential construction, looking at medium density and greenfield developments."

The bulk of interest National Property Buyers has seen is for Melbourne and Sydney properties. There has been a considerable increase of interest in Adelaide and Brisbane real estate since both cities offer lower median property prices and solid yields with capital growth potential.

"In all major cities of Australia there are certain types of properties that perform better than others in relation to capital growth and we are seeing that in areas like Melbourne and Brisbane where there is an oversupply of off-plan apartments," Koenig said. "This can lead to a lower 'On Completion Valuation' that means the purchaser has to contribute more funds toward the settlement."

Koenig noted that foreign buyers are now looking to move away from buying high-rise, off-plan apartments and are now looking for long-term capital growth opportunities.

### According to National Property Buyers, these are desirable traits foreign investors should look for:

- New build
- Small developments with a maximum of 15 units
- Suburban locations within 10 kilometres of major cities
- Access to public transport
- Close to major retail stores and supermarkets

### The nuances of Australian real estate investment

Buying residential property in Australia is transparent, but investor should work with independent experts who understand the local laws. The first step is to visit the Foreign Investment Review Board (FIRB) website to see if approval to purchase property is required.

The country has different rules for those considering buying a brand new or existing property in Australia. In most cases, overseas investors are only allowed to acquire new or never lived in property. It is also vital to have finances in order before moving forward with a transaction.

"A problem we are noticing is that it is becoming increasingly difficult to obtain financing in Australia for foreign buyers so you must ensure you have access to funds for your purchase," Koenig said. "We are also seeing a number of valuations for high-rise, off-plan apartments coming in below the purchase price so we recommend considering smaller projects which have less price volatility and a greater upside for capital growth."

When considering a real estate investment purchase in Australia, it is also important to work with an agent who is experienced and knows the local markets. For example National Property Buyers has purchased more than AUD 500 million for its clients and has a network of trusted local service providers to ensure a smooth property buying experience.

"We live locally in the city you are looking to buy in and have a large network of selling agents. We will search for the property based on your requirements and budget and once you approve the property we negotiate the lowest possible price for you," Koenig explained. "If you are an investor and require assistance with property management, we can also provide this service."

# BUYING SPANISH REAL ESTATE OFFERS MORE THAN JUST A GOLDEN VISA

There is a lot to love about Spain. The country has some of the best art museums, beaches and food in the world. And that's only a start. The country is among the most diverse in Europe with renowned schools and affordable healthcare making it an attractive destination for those looking to move to Europe.

And it is not just those seeking a little slice of Spanish living buying property in the country. Buoyed by strong returns and a promising economic situation, investors see Spain as an attractive place to purchase real estate. Either way, they will be able to take advantage of the country's Golden Visa programme.

"Spain's Golden Visa programme has proven to be popular with Asian buyers as it has given them a chance to live, study and work in Spain. It also allows them to travel freely in the EU, something that is not so easy with a Chinese, Thai, Vietnamese or Indonesian passport," Jesus Hernandez, managing director at ZhiyeSpain, stated.

**Living the Spanish life**

Some people buying property in Spain are end users while others see it as an investment. Those in the former category are attracted to the country for a number of reasons, but having the opportunity to enroll their children in the country's highly regarded education system is among the most prominent.

International schools in Spain can be cheaper than in Southeast Asia and the education is better in many cases with classes in both English and Spanish. In terms of higher education, Spain boasts some of the best universities in the world. The country has three MBA programmes, Iese Business School, IE Business School and Esade Business School, ranked in the global top 20 by the Financial Times.

Of course, Spain has a lot more to offer than a great educational system. Healthcare, diversity and culture are among the reasons property buyers from Asia choose to relocate to Madrid or Barcelona.

"Spain has a great quality of life that is also affordable. It offers a relaxed environment and is a very diverse country," Hernandez said. "It's geographically diverse with mountains, beaches and plenty of parks. Spain is very welcoming of all cultures. Diversity can be found all around the country in many forms."

**Impressive ROI another reason to consider buying Spanish real estate**

Some buyers from Asia choose Spain for the lifestyle, however, investors see the country's real estate market as one brimming with potential. Of all of the countries with "Golden Visa" schemes, Spain is the most developed and its economy has rebounded in the past few years. In 2016, it was first in the EU for GPD growth and the situation continues to look promising.

"ZhiyeSpain are able to guarantee investors who purchase a property from us a guaranteed return of four to seven percent for a set time period, which is quite good," Hernandez said. "We offer a number of different products to investors to ensure they are able to get the most from their purchase."

**Getting the visa after buying a property**

Once you purchase a Spanish property, the process to obtain the visa is actually quite simple, Hernandez explains. You are required to buy a property valued at EUR 500,000 or above. After you have passed the vetting process and the money has been received, you will receive a one-year investor visa and temporary residence card.

If you want to receive a long-term residence card, you'll need to live in the property for four years and two months within a five-year period to be eligible. Investors who do not live in the unit they buy are unable to obtain a long-term residence permit, but can renew their temporary, one-year residence permit as long as they own the property.

# Looking beyond London:

## 3 English cities smart investors are considering

London is still a prime destination for real estate investment, but savvy investors are looking beyond the English capital in search of better rental yields. Not only are prices cheaper outside of London, but demand for rental homes remains strong in several cities.

Brexit has been a source of concern for some investors, but those from Southeast Asia view this time as an opportunity. With the pound falling against most regional currencies, real estate prices are more affordable than in the past. There was an initial rush on London property in the aftermath of Brexit, but more buyers are now looking beyond the capital. Here are three English cities smart investors are considering.

### Manchester

Best known for its football clubs, Manchester is also the biggest technology hub and creative centre outside of London. Young professionals from across the UK are moving here, and not London, because of its affordability and lifestyle.

For investors, the city is providing outstanding rental yields. IP Global found that Manchester boasted the highest rental yields in the UK at 6.02 percent. The real estate market shows no signs of slowing down with employment expected to increase in the coming years.

### Liverpool

The city most famous for 'The Beatles' is developing a reputation as a property investment hotspot. Liverpool is home to the second highest rental yields in the UK. The 5.16 percent returns are significantly higher than what's available in most London districts at the moment.

Additionally, a large student population makes Liverpool an ideal location for those investors wanting to leverage the education boom. More than 50,000 university students are studying in Liverpool with properties catering to the unique needs of this segment in high demand.

### Sheffield

Many experts are predicting that Sheffield will be the UK's next big property market. At the moment, the city has a significant housing shortage. The lack of modern, new-build developments in particular is noticeable despite there being a strong demand for units in this segment.

One of the few new-build projects in the pipeline is Great Central from Knight Knox and Qualis Developments. The fully-furnished units come fitted with everything residents could want. The development itself is located near the centre of Sheffield in an area very popular with the city's growing number of young professionals.